

Message from the Management



Akira Banzai

Chairman
The Supervisory Committee

Yoshio Kono

President and Chief Executive Officer

First, we would like to sincerely thank all our stakeholders for their understanding of, support for, and cooperation with the Norinchukin Bank in its day-to-day operations.

This Annual Report for 2012 contains details of the financial position of the Bank for fiscal 2011, as well as a summary of operations over the year at JA Bank, JF Marine Bank and JForest Group.

We believe that readers of this report will continue to offer their support to JA Bank, JF Marine Bank, JForest Group and the Norinchukin Bank itself.

The Basic Role the Norinchukin Bank Fulfills as the Central Organization for Cooperatives

As the national-level financial institution for agricultural, forestry, and fishery cooperatives in Japan, the mission of the Norinchukin Bank is to contribute to the development of relevant industries and to national economic prosperity by facilitating access to financial resources. With the stable funding base provided by capital from Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF) and Japan Forestry Cooperatives (JForest), as well as JA Bank and JF Marine Bank deposits from their individual members and customers, the Bank, to achieve its mission, lends funds to members, agricultural, forestry and fisheries workers, and companies related to the agricultural, forestry and fisheries industries. As the ultimate manager of these funds, the Bank also conducts various lending and investment activities in Japan and abroad, efficiently manages funds and stably returns profits to its members.

Moreover, the Bank provides its cooperative members as well as individual members with various services, including a nationwide shared system

infrastructure for supporting the cooperative banking business of JA and JF and development of new products, and it responds to the financial needs of the agricultural, forestry and fisheries cooperatives and workers. The Bank also provides operational guidance for the cooperative banking business of JA and JF based on relevant rules and regulations, and it is building a safety net for the JA Bank and JF Marine Bank Systems. The Bank continues to work to improve trust in its cooperative banking business while recognizing the importance of strengthening the competitiveness of its cooperative banking business.

Business Operations in Fiscal 2011

In fiscal 2011, the Bank shifted to a new Medium-Term Management Plan and made actions for recovery and reconstruction from the Great East Japan Earthquake its highest priority. At the same time, the Bank adhered to its primary mission, which is to provide “stable return of profits” to its members, and expanded its role as the central organization for cooperatives as well as the financial

institution for farmers, fishermen, and foresters.

To deal with recovery and reconstruction in the aftermath of the Great East Japan Earthquake, the Bank established the Reconstruction Support Program (duration: about four years; financial support: ¥30 billion), built systems to support the effort, and conducted initiatives with directors and employees participating. Immediately after the earthquake, the Bank responded with emergency funding and enabled flexible withdrawals of deposits for the convenience of customers of cooperatives that suffered damage from the disaster. Subsequently, we shifted our focus to business support for the disaster-affected JA and JF. With reconstruction gradually gaining momentum, the Bank assisted the recovery and reconstruction efforts of producers and communities.

With our financial and risk management efforts focused on the overriding goal of providing “stable return of profits” to its members, we strengthened our financial position and achieved our earnings target based on the adequate practice of risk management. As a result, the Bank achieved ordinary profit of ¥75.6 billion (on a consolidated basis) and attained its profit target. The Bank also substantially reduced unrealized losses on securities and achieved a valuation gain for the first time in five years, while maintaining a high capital adequacy ratio of 24.67% (on a consolidated basis).

Under the JA Bank Medium-Term Strategies (fiscal 2010 through fiscal 2012), its comprehensive management and business strategy, JA Bank is strengthening its role as the main bank for the agricultural industry and local residents in order to become the JA Bank that contributes to both the

agricultural industry and people’s daily lives, is chosen by the people, and continues to grow. As for its role as the main bank for the agricultural industry, JA Bank provides financial services to a wide range of farmers. It has taken steps to understand and respond to the needs of agricultural leaders who play a central role in running large farms and agricultural corporations by making more frequent customer visits. It has been taking steps to become the main bank for local residents by promoting mortgage loans, annuities, JA Cards, deposits, and direct salary deposits. We completed migration to the current computer system (JASTEM System) in May 2011 and have now begun studying plans for a future system upgrade.

Under the JF Marine Bank Medium-Term Business Promotion Policy, JF Marine Bank has strengthened its financial services for the fisheries industry and is constantly striving to be the main bank for individual members. To fully perform these financial services, it has taken steps to bolster its financial soundness.

Based on government measures such as the Forestland and Forestry Industry Regeneration Plan, JForest Group has been improving forestland by consolidating forest management, one of the pillars of the Movement to Expand the Use of Domestic Lumber and Revitalize Forestland and the Forestry Industry, which extends from fiscal 2011 through fiscal 2015. The Norinchukin Bank has also been supporting these efforts.

As an effort to perform shared services for the Bank’s members, we are supporting expanding the business of members and agricultural, forestry and fisheries workers through business matching and

strengthening relationship with those workers who use our financial services. To maintain and develop the future foundation of the agricultural, forestry and fisheries industries, we are collaborating with related groups, enhancing human resources training and skills development of directors and employees of cooperatives. Through these efforts, we are helping to develop the next generation of farmers and local leaders.

The Bank's Future Business Management Policies

Under its Medium-Term Management Plan, the Bank will continue to work on earthquake disaster reconstruction. At the same time, it will “stably return profits” to its members and constructively expand its role as the central organization for cooperatives. In addition, the Bank and cooperative financial institutions are planning and reviewing measures for medium- to long-term success and will speedily implement them with the cooperation and role-sharing of JA, JF, JForest and related union and federations at national and prefectural levels. The

August 2012



Akira Banzai
Chairman
The Supervisory Committee

goal of the Bank, through these efforts, is to raise its profile as a financial institution, both in terms of the growth of the agricultural, forestry, and fisheries industries and of its members' businesses, and of taking a more global approach to lending and investment.

Conclusion

The United Nations declared 2012 to be the International Year of Cooperatives (IYC), and the role of cooperative organizations has therefore been attracting much attention. The Norinchukin Bank, JA Bank, JF Marine Bank and JForest Group will continue to perform their roles and functions with the goal of becoming financial institutions and organizations that win the confidence of their customers, and contribute to the advancement of agricultural, forestry and fisheries industries and their rural communities.

Finally, we would like to ask our readers for their continued support for JA Bank, JF Marine Bank, JForest Group and the Norinchukin Bank itself.



Yoshio Kono
President and Chief Executive Officer

Bank Initiatives

Cooperative Members Unite to Support Reconstruction of Disaster-Stricken Areas

Starting from fiscal 2011, the Bank has been implementing its Medium-Term Management Plan, a key pillar of which is the “stable return of profits” to its members, the expansion of its role as the central organization for cooperatives as well as financial institution for farmers, fishermen, and foresters, and supporting the reconstruction of areas affected by the Great East Japan Earthquake.



How is the Medium-Term Management Plan positioned and what are its features?

The new Medium-Term Management Plan covers the two-year period starting from fiscal 2011, and based on this plan the Bank manages its business.

Since fiscal 2009, the Bank had been working on the four-year Business Renewal Plan with the goal of stabilizing its financial management and upgrading its risk management and expanding its role as the central organization for cooperatives in Japan. However, as the Bank resumed dividend payments in fiscal 2010 and further expanded its role as the central organization for cooperatives in Japan, it was able to bring its Business Renewal Plan to an end two years ahead of schedule and establish a new Medium-Term Management Plan that embodies the spirit of the previous Business Renewal Plan.

The New Medium-Term Management Plan focuses on further expanding our role as the central organization for cooperatives as well as financial institution for farmers, fishermen, and foresters and includes continued support for reconstruction in the aftermath of the Great East Japan Earthquake. In addition, our financial and risk management efforts continue to be focused on proper management of risk and portfolio investment. Our ordinary profit target is to achieve ¥50 to ¥100 billion per year (non-consolidated basis) and we will continue to “stably return profits” to members by constantly working to achieve stable financial management.

► New Medium-Term Management Plan (Fiscal 2011 through Fiscal 2012)

Role as the Central Organization for Cooperatives as well as Financial Institution for Farmers, Fishermen, and Foresters

1. Reconstruction Support Program (Financial Support Program, Business & Management Support Program)
2. The Bank's efforts for its members (business support, human resource improvement and training, emissions trading)
3. JA Bank (JA Bank Medium-Term Strategies implementation: Main bank for the agricultural industry and for local residents)
4. JF Marine Bank (Financial services for the fishery industry, JF Marine Bank Safety System)
5. Forestry business (Forest restoration)

Financial Management/Risk Management/Capital Policies

1. “Stable return of profits” to its members is the managements' highest priority, and ordinary profit target of ¥50 to ¥100 billion per year (non-consolidated)
2. Effective risk management and portfolio management on a continuous basis
3. Take on new high-quality investment opportunities in new fields based on a globally-diversified investment portfolio
4. Maintain a capital adequacy ratio of around 20%



What have your reconstruction support efforts accomplished thus far and what are your future support plans?

Since the outbreak of the Great East Japan Earthquake, the Bank has positioned the reconstruction and recovery of the agricultural, forestry and fisheries industries in earthquake-stricken areas as its most important business priority. In collaboration with national-level union and federations in the cooperative system, the Bank has been providing assistance to workers engaged in the agricultural, forestry and fisheries industries and to JA, JF, and JForest.

Immediately after the outbreak of the earthquake disaster, the Bank established a disaster countermeasures office and has taken a number of emergency measures. The measures included building a support team of 100 employees to verify the extent of damages in each

prefecture and the operational status of the Bank's systems, as well as offering emergency financial support, and dispatching employees to disaster areas. Meanwhile, we set up a cross-organizational project within the Bank and started the Reconstruction Support Program (described below) in April 2011, while collaborating with other national-level union and federations. In June 2011, the Bank established the Reconstruction Team Headquarters Council, with the President serving as its general manager. It has also assigned a Director of Reconstruction Countermeasures. The head office and branches will continue to join forces to support reconstruction.

*For further details about JA Group, JF Group, and JForest Group efforts, please refer to CSR Report 2012. (available in Japanese only)

Outline of the Reconstruction Support Program

The Reconstruction Support Program was established with the goal of full and multifaceted assistance for the recovery and reconstruction of the agricultural, forestry and fisheries industries. The program is expected to last four years with the Bank covering ¥30 billion of the costs. Specifically, the program will provide (1) financial support to agricultural, forestry and fisheries industry workers, and (2) business and management support to members affected by the disaster. The Bank provides material support including the sending of Bank employees into disaster areas.

Description	Support recipients	JA Bank/JF Marine Bank/JForest Group
Financial Support Program	Agricultural, forestry and fisheries industry workers	Financial support (interest subsidies, reconstruction/recovery loans [low-interest loans], etc.)
Business & Management Support Program	Members	Business recovery (support for infrastructure recovery including branches, ATMs, terminals, etc.)
		Business support (support to strengthen members' business foundations)

Provision and Maintenance of Financial Services in Disaster-Stricken Areas

- Establishment of a Framework for Special Post-Earthquake Support and Capital Injection into Disaster-Affected JA and JF

As the central organization for cooperatives, one of the key roles of the Bank is to ensure that JA Bank and JF

Marine Bank operations are stable and that customer trust is being maintained. After the earthquake, the Bank changed the basic policies of JA Bank and JF Marine Bank based on the revised Reorganization and Strengthening Law. Accordingly, the Bank established a framework for Special Post-Earthquake Support that utilizes funds of the Agricultural and Fishery Cooperative Savings Insurance Corporation. Up until the end of fiscal 2011, the Bank had injected a total of approximately ¥57 billion in eight

JA and one JF that had been damaged by the disaster. The Bank formulated a plan to help strengthen the cooperative banking business of disaster-stricken JA and JF. The plan calls for wide-ranging support, such as facilitating a smooth fund flow to local agricultural and fishery workers, and providing guidance and advice so that full and enhanced financial services are offered.

◆ Efforts to Support Agricultural, Forestry, and Fishery Workers and Local Reconstruction and Recovery

• Financial Support for Producers and Members

Appropriate financial support was provided to producers and members based on the three stages of, (1) emergency, (2) transition, and (3) recovery and reconstruction.

Extension of Loan Deadlines

To facilitate financing for agricultural, forestry and fisheries workers, the Bank, after determining customer damages, provided swift and appropriate financial support by placing a moratorium on the repayment of principal and interest, responding to emergency requests for loans, and other measures.

Interest Subsidy for Disaster Funds

In April 2011, the Bank established an interest subsidy system for the disaster funds of the JA Bank and JF Marine Bank. Under this system, interest subsidies are offered to lighten the interest burden on JA Bank and JF Marine Bank borrowers.

Establishment of Financial Support Framework for Reconstruction

In December 2011, the Bank established the Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan as a long-term low-interest loan for companies in the agricultural, forestry, and fisheries industries to lighten their immediate principal and interest repayment burden. The Bank also created the Tohoku Agricultural,

Forestry, and Fisheries Industries Support Fund valued at ¥5.0 billion as a new means of providing capital to disaster-stricken companies in the agricultural, forestry, and fisheries industries. The Fund began operation in February 2012. While existing Agri-Seed Fund provides capital to agricultural corporations engaged in new business, the Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund relaxes investment criteria and limits, allowing us to provide capital to disaster-stricken food processors and distributors, in addition to agricultural corporations, thereby expanding the number of potential fund recipients.

Local Reconstruction and Recovery Support

When we provided reconstruction and recovery assistance, we provided it for the entire regions of affected areas. As one example, the Bank assisted Kesennuma City in Miyagi Prefecture, which suffered significant damage, by sending employees there to help draft a reconstruction plan. The Bank also assisted in the reconstruction of communities by providing funds for the purchase of refrigeration, ice-making and other production equipment for members and others who play a key role in the local industry.



Ice-making facility in Kesennuma City (artist's rendering)

• Non-Financial Support

Immediately after the Great East Japan Earthquake, the Bank fully committed itself to financial reconstruction assistance. At the same time, it reconsidered its direct assistance efforts, taking into account the needs of farmers, foresters, and fishermen in disaster-stricken areas, and has undertaken multifaceted efforts that go beyond the financial support framework.

Support for Cardboard Boxes Provided to Seaweed Farmers

In light of the growing need by fishery industries in disaster-stricken areas for direct support for aqua farming of *wakame* and *kombu* seaweed, which can be grown and harvested in a relatively short period of time, we began subsidizing the cost of purchasing cardboard boxes used for collective shipment of *wakame* and *kombu* in February 2012. In February and March 2012, in Miyagi Prefecture and Iwate Prefecture, respectively, the Bank held a presentation ceremony at the site of the first seaweed auction held since the earthquake disaster.



Cardboard boxes for shipping *wakame* and *kombu* seaweed

Organization of Reconstruction Support Business Conferences

With the cooperation of the JA Group in Miyagi Prefecture and others, the Miyagi Reconstruction Support Business Conference was held in Sendai City in February 2012. On the day of the conference, 27 groups of sellers from JA Group, JF Group, and others and 46 groups of buyers including food processors and distributors attended, and 244 business meetings were held. In this way, the Bank is expanding sales opportunities for cooperative



produce from disaster-stricken areas.

Miyagi Reconstruction Support Business Conference

• Efforts to Help Individual Members of JA and JF and Customers Restore their Lives

Interest Subsidies for Reconstruction Support Time Deposits and Reconstruction Support Loans

The Bank has created and implemented an interest subsidy

system for the Reconstruction Support Time Deposit and for the Reconstruction Support Loan including mortgage loans that JA and JF provide to their customers.

Assistance to Branches in Dealing with the “Double-Loan” Problems

In August 2011, the Individual Debtor Guidelines for Out-of-Court Workouts compiled by the Japanese Bankers Association were adopted based on the government policy concerning the double-loan problems of disaster victims. Accordingly, the Bank created a manual for JA and JF branches to help them fully deal with this problem at their JA Bank and JF Marine Bank counters nationwide, and explanatory meetings on the subject were also held for the Bank’s personnel in charge of JA Bank and JF Marine Bank.

◆ Recovery and Reconstruction Support for Disaster-Affected JA and JF

• Toward Business Reconstruction and Recovery

As an initiative to reconstruct and restore disaster-affected JA and JF businesses, the Bank has donated money via national-level cooperative federations with the aim of restoring business infrastructure including cooperative banking business terminals and ATMs. It has also materially compensated branches for the purchase of new fittings and fixtures.

In light of the substantial damage suffered, especially by the cooperative banking branches of JF Marine Bank members, the Bank has started to develop a mobile terminal system that provides financial services such as deposit withdrawals in areas where branches no longer exist. The mobile system is expected to be fully operable beginning in 2013.

• Efforts to Normalize Financial Services in Disaster-Stricken Areas

When the earthquake struck, JA Bank and JF Marine

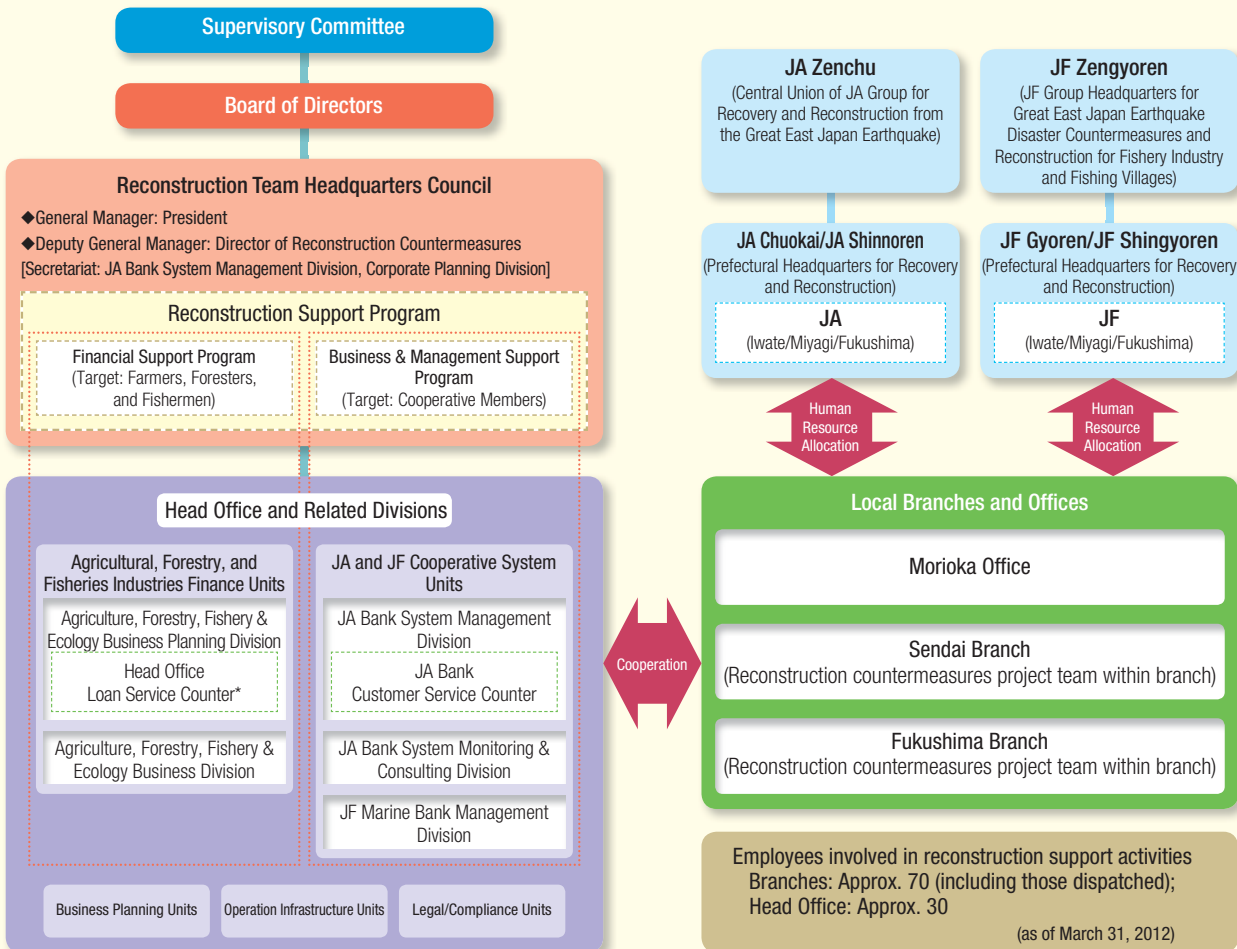
Bank across the country united and provided immediate financial support to disaster victims. Immediately after the earthquake, the Bank set up a consultation service for disaster victims in cooperation with JA Group and JF Group in each prefecture so that customers could withdraw their deposits after verification of their identities, even in cases where they had lost their savings certificate, passbook, registered seal, cash card or other identification. The Bank continues to respond to a wide range of inquiries from customers who are disaster victims. One effort the Bank undertook to help such customers was to waive all direct deposit fees in any area

where the Disaster Relief Act is under enforcement.

The Bank also set up a nationwide call center to help customers who had become temporarily separated from their places of residence due to the disaster, and to consult with them not only at JA and JF branches where their accounts are held, but at their nearest branch anywhere in the country. This flexible approach enabled customers to access funds from their accounts within a specific limit. In September 2011, call center functions were transferred to the Disaster-Affected Customer Support Center within the Bank's Fukushima Branch.

The Bank's Reconstruction Support System

In June 2011, the Bank established the Reconstruction Team Headquarters Council, with the President serving as its general manager. It has also assigned a Director of Reconstruction Countermeasures, with the head office and branches joining forces to support reconstruction. As of March 31, 2012, 100 employees of the Bank continued to be involved in reconstruction support activities, including those who were sent to other national-level union and federations and to help members in disaster-stricken areas.



*Note: Loan service counters are located at all branches nationwide.



What measures are being taken to expand the Bank's role as the central organization for cooperatives as well as financial institution for farmers, fishermen, and foresters?

The Bank views restructuring of its organization toward the interests of its members and its strengthened role as the central organization for cooperatives as major pillars of the Medium-Term Management Plan. The Bank conducts planning and business management of JA Bank and JF Marine Bank, of which the Bank itself is a member, together with JA, JF, JA Shinnoren, and JF Shingyoren, and is working to improve financial services for the agricultural, forestry and fisheries industries.

◆ Promotion of JA Bank Business Strategies

Under the JA Bank Medium-Term Strategies (running from fiscal 2010 through 2012), JA Bank is seeking to achieve its basic goal of becoming a bank that contributes to both the agricultural industry and people's daily

lives, is chosen by the people, and continues to grow. (Please see page 16 for further details)

In fiscal 2011, JA Bank built centralized agricultural financial centers in all prefectures to strengthen its role as the main bank for the agricultural industry, and their startup has been completed. It also created an agriculture financial certification system that has produced 896 certified JA Bank Agriculture Financial Planners as of March 31, 2012. To strengthen its role as the main bank for local residents, JA Bank is improving a variety of services including expansion of its commission-free nationwide network of approximately 62,000 ATMs, one of the largest ATM networks in Japan. It is increasing the number of customers who use JA Bank as their main bank through these improvements based on JA Bank's customer satisfaction surveys.

(Please see page 30 for further details about the JA Bank System)

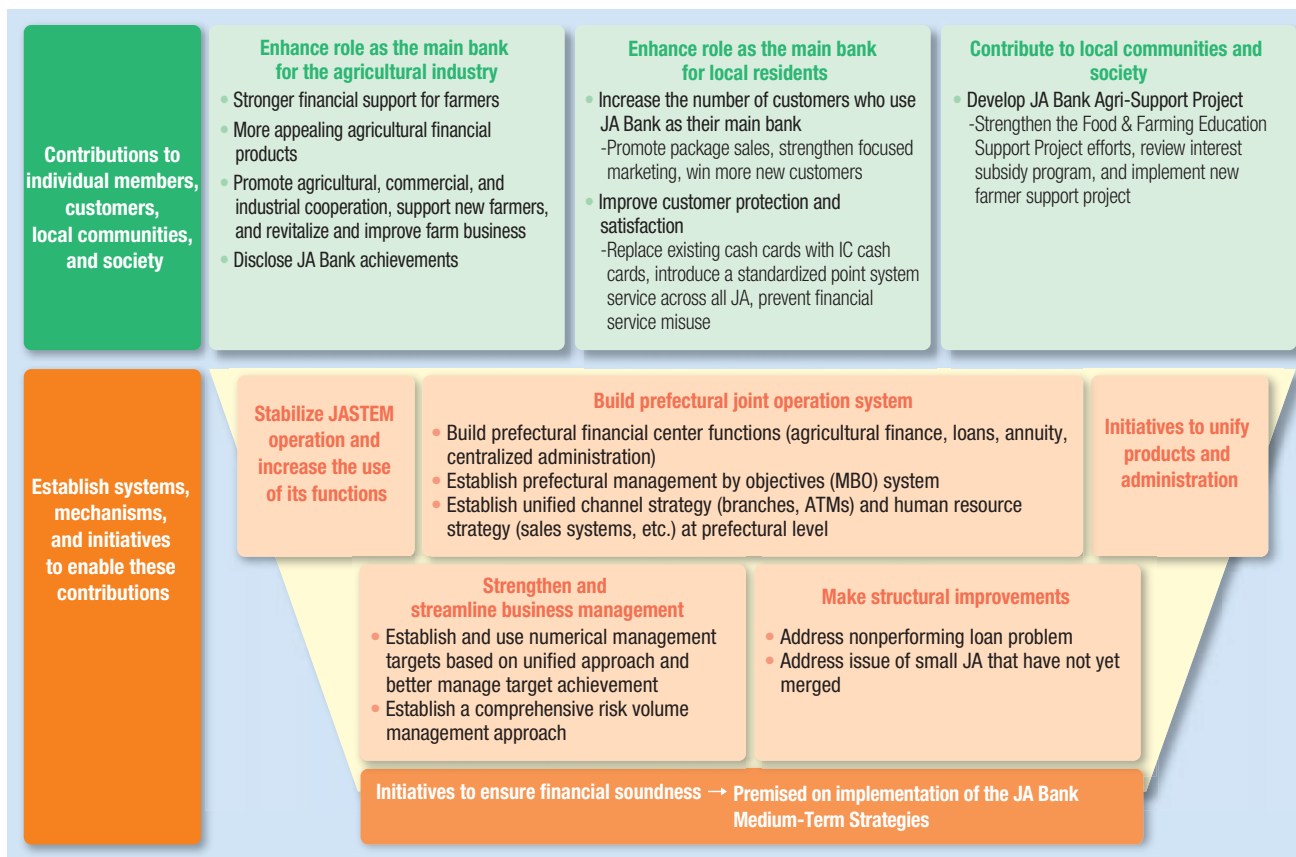
JASTEM System

JASTEM is a unified, nationwide online transaction processing system managed by the Bank for JA Bank. It is one of the largest mass-retail type systems of its kind in Japan, covering roughly 8,600 branches of 750 JA and JA Shinnoren (as of March 31, 2012), with data processing capabilities covering approximately 45 million accounts and data from approximately 32,000 ATMs and other terminals.

The JASTEM System was set up to take over joint operation of online systems that had been managed by individual prefectural and regional units under the nationwide JA Shinnoren network. The system went online in October 1999. The JASTEM System is an infrastructure that can provide shared services to users everywhere in Japan. In 2002, the Bank took over its development and operation, with the goal of attaining greater management efficiency and improved risk management. The Bank encouraged units from every prefecture in Japan to join the system, and all JA and JA Shinnoren now use it.

To provide services that satisfy JA Bank customers, a four-phase migration to the next-generation JASTEM System was carried out between January 2010 and May 2011 progressively covering all prefectures and operation is now stable. The Next Generation JASTEM System Planning Division was established (in July 2011) to upgrade future systems. We are now reviewing basic concepts based on what direction JA Bank business takes over the medium- to long-term.

▶ Action Items (Framework) for the JA Bank Medium-Term Strategies (FY2010—FY2012)



JA Bank's Goals (Fiscal 2012)

- Stronger relations with agricultural corporations and large-scale farmers; increase number of customers
- Increase number of customers over the next two generations
- Raise JA's and JA Bank's regional reputation
- Raise satisfaction of individual members (farmers) and customers
- Increase number of customers, raise regional market share, and encourage greater use of JA Bank

◆ Promotion of JF Marine Bank Business Strategies

In accordance with the JF Marine Bank Medium-Term Business Promotion Policy (running from fiscal 2009 through 2011), we improved financial services for the fisheries industries and continued our efforts to become the main bank for individual members and customers. In March 2012, the JF Marine Bank Basic Policies,

which comprises the common rules for JF Marine Bank members, were reviewed in preparation for the creation of the JF Marine Bank Safety System (a stable and responsible JF cooperative banking business system). Based on the revised basic policies, we will take swift and focused action to create an even sounder JF Marine Bank. (Please see page 34 for further details about JF Marine Bank)

◆ JForest Group Initiatives

Based on the government's Forestland and Forestry Industry Regeneration Plan, JForest Group launched the Movement to Expand the Use of Domestic Lumber and Revitalize Forestlands and the Forestry Industry (running from fiscal 2011 through 2015), with one of its pillars being forest improvement through forest management consolidation. As a part of its forest support initiatives, the Bank subsidized the costs incurred from adopting Geographic Information System (GIS) and Global Positioning System (GPS), which were needed for defining forest boundaries and collecting forest information. Training courses are now being conducted on the efficient use of GPS and GIS. In fiscal 2011, JForest Group held workshops to help strengthen and expand the Group's internal controls and supported prefectural initiatives to increase the use of domestic lumber.

(Please see page 37 for further details about JForest Group).

◆ Initiatives Undertaken by the Bank Independently as Fund Provider to Cooperatives

In order to respond to the forward-looking financial needs of agricultural, forestry, and fisheries workers, the Bank is expanding loan services to these workers. It has also established a capital funding framework for the development of agricultural corporations, providing comprehensive financial services. Through these efforts, the Bank is strengthening its role as the financial institution for the agricultural, forestry, and fisheries industries.

The Bank also organizes business conferences, providing export support and business-matching to assist business diversification of farmers, foresters, fishermen and their communities in rural areas with a view to support the sixth industrialization of the agricultural,

forestry and fisheries industries and their villages.

(Please see page 11 for further information about our efforts in disaster-stricken areas)

• Expansion of Financial Services for Agriculture, Forestry and Fisheries Workers

Expansion of Loan Services

The Bank has developed the following new products: the Agri-Seed Loan, which is designed to meet the short-term working capital needs of agricultural corporations, and the Agriculture, Forestry, Fishery & Ecology Business Loan, which is aimed at encouraging companies to enter the agricultural, forestry and fisheries industries. Both loan products are growing steadily.

<Millions of Yen>		
Product	Number of loans	Total loans outstanding
Agri-Seed Loan (since December 2009)	23	203
Agriculture, Forestry, Fishery & Ecology Business Loans (since October 2009)	140	48,872

*Cumulative total as of March 31, 2012

To speed up recovery of producers who were devastated by the Great East Japan Earthquake, the Bank established in December 2011 the Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan, which lightens the immediate principal and interest payment burden of borrowers.

Enhancement of Capital Funding Schemes

In fiscal 2010, the Bank established the Agri-Seed Fund, a new framework for supplying capital to agricultural corporations including agricultural production corporations. The Bank develops new agricultural leaders in their areas by investing in technically-competitive, yet undercapitalized agricultural corporations, using the JA Bank Agri-Eco Support Fund and through its affiliate company The Agribusiness Investment & Consultation, Co., Ltd.

The Agri-Eco Fund also supplies financing as part of the JA Bank Agri-Support Project (CSR project) to support business entities that aggressively promote agriculture, and contribute to the environment and community.

Product	<Millions of Yen>	
	Number of investments	Total investments outstanding
Agri-Seed Fund (since April 2010)	34	306
Agri-Eco Fund (since October 2009)	30	1,122

*Cumulative total as of March 31, 2012

The Bank launched the Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund in February 2012 as a new financial program for providing long-term support for agricultural, forestry, and fishery corporations that suffered damage by the Great East Japan Earthquake. The fund relaxes investment criteria and limits to a greater extent than the Agri-Seed Fund does. The purpose of the fund is to financially assist in restoring the agricultural, forestry, and fisheries industries in affected areas. Not only does the fund cover agricultural corporations, but also seafood processors in fishing towns that were devastated by the Great East Japan Earthquake.

Environmental Finance Initiatives

In December 2010, the Bank introduced its unique Agricultural, Forestry, Fishery and Ecology Rating System. With this system, preferential interest rates are granted on loans depending on rating, following an appraisal and evaluation of the borrowers' environmental initiatives. Items subject to evaluation under this system include environment-friendly initiatives, biodiversity preservation, and sixth industrialization initiatives. Under this new system, the Bank loaned ¥6.8 billion in fiscal 2011.

In March 2012, the Bank began acting as an intermediary for the Offset Credit (J-VER) Scheme. The J-VER scheme is a domestic emissions trading scheme run by the Japanese government. The object of the scheme is to issue emission credits based on the reduction of greenhouse gas emissions through the use of energy-saving equipment and the absorption of greenhouse gases by forest thinning. By acting as an intermediary for the trading of J-VER emission credits for the agricultural, forestry, and fisheries industries, the Bank seeks to

support environment-friendly industries and corporate environmental protection measures.

Support for the Sixth Industrialization

JA Bank and JF Marine Bank organize various types of business conferences and business-matching events, leveraging the strengths and advantages of the cooperative system, as part of their support for the sixth industrialization of agricultural, forestry and fisheries industries and communities. Through these efforts, they promote coordination of production, processing and distribution (sales) by agricultural, forestry and fisheries industry workers and cooperation between the secondary and tertiary industries.

The Kyushu Business Conference was held in Fukuoka in October 2011, the Hokuriku Business Conference was held in Kanazawa in November 2011, and the Kochi Business Conference was held in Tokyo in January 2012. In addition, the Miyagi Reconstruction Support Business Conference was held in Sendai in February 2012 under the theme of "Full Support for the Recovery of Local Industries." The conference was attended by many producers from devastated coastal areas and was highly rated by seller groups and buyer companies.

The Bank is also involved in business-matching events that bring enterprises into the agricultural, forestry and fisheries sector by matching businesses with workers in these industries and cooperative members, leveraging the advantages of the nationwide cooperative network. In addition to becoming a member of the Japan Agricultural Corporations Association in each prefecture and arranging seminars for agricultural corporations all over Japan, the Bank held Agri-Eco Business Seminars in Tokyo and Osaka, which provided a platform for meetings of members, agricultural, forestry and fisheries industry workers and companies.

To provide export assistance to members, agricultural, forestry and fisheries industry workers in January 2012, we invited overseas buyers to Tokyo and held the Asia Food Market Opening Seminar, which was based on export practices.

◆ Raising Awareness and Enhancing Personnel Exchanges

The Bank is exchanging an increasing number of personnel with JA and JA Shinnoren to foster understanding among directors and employees on how business is done in the

agricultural, forestry and fisheries industries, and to incorporate those insights into planning and policymaking. We established the Cooperative System Human Resource Development Division within the Bank in July 2011 to enhance development of human resources for cooperative business.

International Year of Cooperatives 2012

Cooperative Enterprises Build a Better World

The United Nations declared 2012 to be the first International Year of Cooperatives (IYC) based on a UN General Assembly resolution. Governments around the world and people involved with cooperatives need to take advantage of this international year to further promote cooperative activities and work to raise awareness of the contributions cooperatives have made to social and economic development.

Background of IYC — The Cooperative Spirit Supports Every Generation

The world's first cooperative was the Rochdale Society of Equitable Pioneers founded in 1844 in England. Other cooperatives followed in the 19th century in Germany, Denmark, and France. Meanwhile, in Japan, the Noson (Rural) Cooperative was established in various locations at the end of the Edo Period. In various periods in history, cooperatives were based in communities and played a role in stabilizing people's lives by encouraging mutual aid between people and revitalizing communities.

Cooperatives have made a significant contribution in modern times as well. Notably, during the global food and energy crisis in 2007 and the financial and economic crisis from 2008 onward, with cooperatives entrenched in local economies, the United Nations praised them for helping

minimize the effects of the bubble economy, and its subsequent burst, as well as for stabilizing the economic system. Based on that experience, the United Nations declared that cooperatives can contribute significantly to building a better economy and society. The International Year of Cooperatives (IYC) was established to urge governments and citizens so that such contribution continues.

On August 4, 2010, the Japan National Planning Committee for IYC 2012 was launched to raise citizens' awareness of the value and role of cooperatives and to promote cooperative campaigns.

* For further details about the International Year of Cooperatives, please refer to "CSR Report 2012" (available in Japanese only)



Kick-off event for the 2012 International Year of Cooperatives (United Nations University, January 2012)



IYC logo

The IYC logo shows seven people working together to lift a cube-shaped object. The cube expresses the various goals and aspirations that cooperative effort aims for, and the results that can be achieved by those efforts.



What were the Bank's financial results and capital adequacy in fiscal 2011?

In the environment marked by a deepening financial crisis in Europe and concerns about the global economic future, nonconsolidated financial results in fiscal 2011 continued to be unstable in both domestic and foreign economic and financial markets. Against this backdrop, the Bank continued its cautious financial management and achieved ordinary profit of ¥68.4 billion, well within its target of ¥50.0 billion to ¥100.0 billion.

In addition, valuation difference on securities as of March 31, 2012 came to ¥504.2 billion, a substantial improvement from the ¥342.9 billion loss recorded in the previous fiscal year. A positive figure on the valuation

difference was recorded for the first time since the end of fiscal 2006.

Net assets came to ¥4,820.4 billion, a 13.4% year-on-year increase, due to the improved valuation difference on securities and higher net income. Accordingly, the Bank's capital adequacy ratio at the end of fiscal 2011 stood at 24.83% and Tier I ratio came to 18.22%. In fiscal 2012 as well, based on the proper practice of risk management, the Bank will maintain its ordinary profit target of between ¥50.0 billion to ¥100.0 billion and will stably return profits to its members.

► Summary of Earnings (Non-Consolidated Basis)

<Billions of Yen>

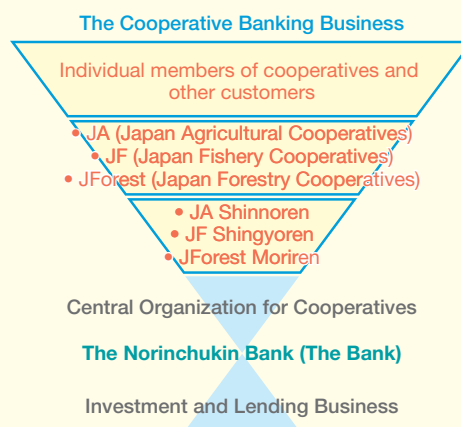
	FY2009	FY2010	FY2011
Ordinary Profit	71.6	117.3	68.4
Net Income	29.5	144.3	61.6
Net Assets	3,931.6	4,250.4	4,820.4
Capital Adequacy Ratio	19.26%	22.76%	24.83%
Tier I Ratio	13.88%	16.80%	18.22%
Valuation Difference on Securities, etc.	(605.8)	(342.9)	504.2

What are the Roles of the Bank?

As the national-level financial institution for Japan's agricultural, forestry, and fishery cooperatives, two pillars support the basic role of the Bank: The first pillar is the "stable return of profits" to its members including JA, JF, and JForest. With the capital provided by members and the stable funding base provided by JA Bank and JF Marine Bank, the Bank returns profits gained through efficient and stable management of lending, securities, and its other banking businesses, to its members.

As the central organization for cooperatives in Japan, the second pillar of the Bank is to conduct planning and business management for JA Bank and JF Marine Bank, and, as the financial institution founded on the agricultural, forestry, and fisheries industries, to financially support agricultural, forestry, and fishery workers and provide appropriate financial services.

► The Roles of the Bank





What financial and risk management efforts is the Bank taking?

In light of the turmoil in the global financial markets in fiscal 2008, the Bank has been stabilizing its financial management and upgrading its risk management since fiscal 2009 based on the Business Renewal Plan already instituted. In the current Medium-Term Management

Plan, we continue to maintain a prudent investment stance based on a globally diversified investment portfolio and are continuously upgrading our risk management methods.

► Financial and Risk Management Efforts

Investment and Loan Risk Management

- **Maintain a prudent investment stance based on globally diversified investment**
 - ◇ Assuming a continuing unstable market environment, together with market price volatility and market liquidity for each investment and loan asset
 - ◇ In that environment, take on new high-quality investment opportunities in new fields
- **Effective risk management and portfolio management**
 - ◇ Select only lower-risk credit assets based on sophisticated and rigorous analysis of stress scenarios
 - ◇ Continuously upgrade our risk management methods by introducing loss-based management and risk volume-based management by asset class

Profit Returns

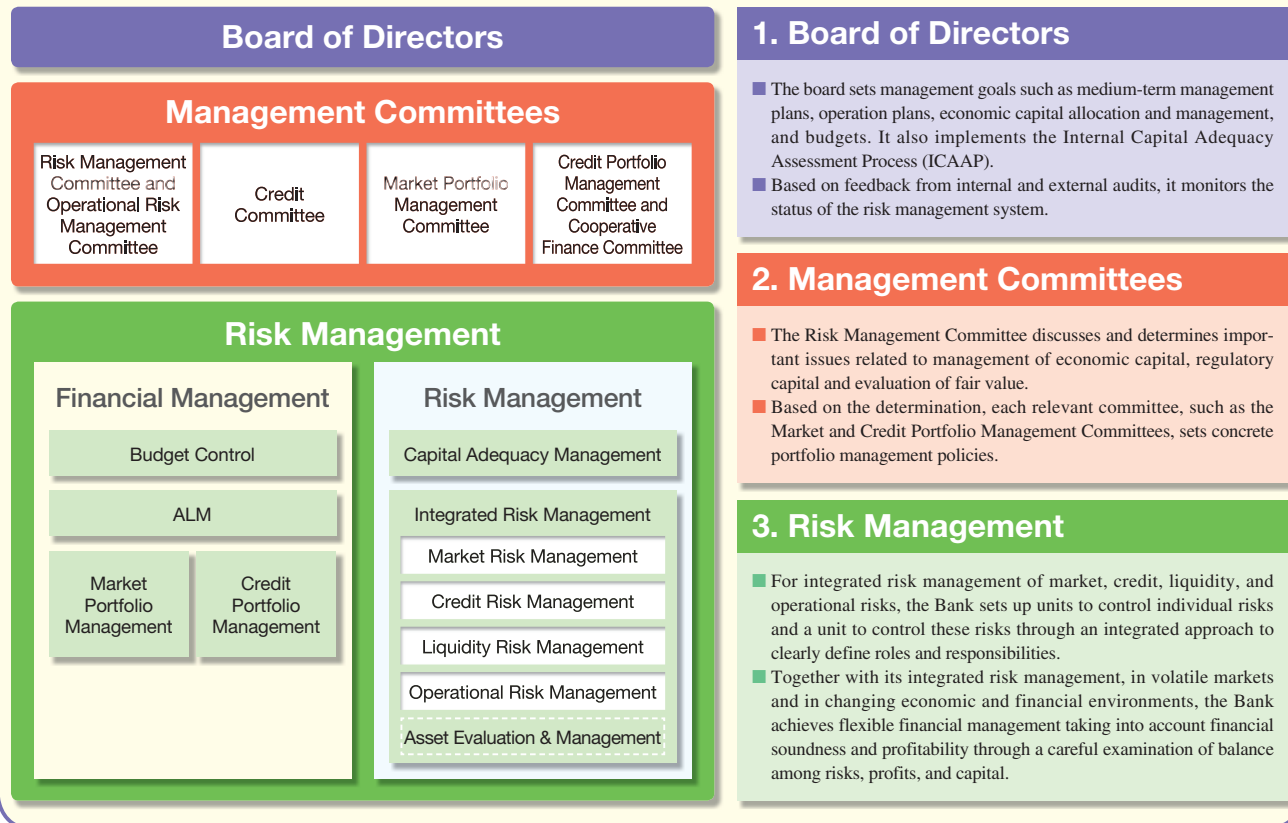
- “Stable return of profits” to its members continues to be management’s highest priority
- Ordinary profit target is ¥50.0 billion to ¥100.0 billion (nonconsolidated)

Capital Policies

- Be mindful of fund management safety and strengths of particular business models, while maintaining a capital adequacy of around 20%
- Review and strengthen capital adequacy management with a view to transitioning to Basel III

Risk Management System

The Bank practices “integrated risk management” as a framework for integrated management of various risk volumes that the management of the Bank faces.



What is the Bank’s approach to corporate social responsibility (CSR)?

The Bank has a longstanding and strong commitment to CSR activities.

In March 2005, the Bank contributed ¥1 billion to establish the Norinchukin 80th Anniversary Forest Rejuvenation Fund (FRONT80), a public trust, and began supporting initiatives to revitalize private-sector forestry. The Bank contributed approximately ¥13.2 billion over a five-year period ending in fiscal 2011 to the JA Bank Agri-Eco Support Fund, founded by JA Bank, and the JA Bank Agri-Support Project has evolved from this fund.

In fiscal 2008, the Bank established the CSR

Committee and a division dedicated to CSR and is enhancing its CSR efforts, and has published CSR Report every year since then.

As the central organization founded on the agricultural, forestry, and fisheries industries, the Bank will continue pursuing CSR activities throughout the business together with its group companies under the three pillars of contributing to (1) members, (2) advancement of the agricultural, forestry, and fisheries industries, and (3) the community at large.

*For more information about our CSR activities, please see our CSR Report for 2012. (available in Japanese only)

◆ JA Bank Agri-Support Project

In the five years up to fiscal 2011, the Bank invested ¥13.2 billion in the JA Bank Agri-Eco Support Fund established by JA Bank. As a member of JA Bank, for the JA Bank Agri-Support Project, the Norinchukin Bank teams up with JA and JA Shinnoren to carry out more extensive measures for Japan's agricultural and farming villages, which are facing major agricultural system reform, as well as fulfilling its societal mission.

• Publication of Special Needs Education Version of JA Bank Teaching Aid “Agriculture and Our Lives”

Since fiscal 2008, the JA Bank Agri-Support Project has published and given out an original teaching aid entitled “Agriculture and Our Lives” for senior elementary school students in Japan. The newly created fiscal 2012 version of the teaching aid is aimed at children of special needs schools and classrooms, and has been given out since March 2012. A universal design approach was taken, giving careful consideration to the font and color of the textbook. Every effort was made to incorporate innovations into the text such as appendix seals to provide an enjoyable learning experience to children. Through its efforts to deepen children's interest and understanding of food and agriculture, JA Bank seeks to encourage development of agriculture and local communities.

Japan Institute of Agricultural Management

Under a cooperative arrangement between the agricultural, industrial, and academic sectors throughout Japan, AgriFuture Japan was established in February 2012 to develop the next generation of farmers to pioneer Japan's agricultural future. In addition, AgriFuture Japan is planning to open Japan Institute of Agricultural Management as its core business in April 2013.

The Institute aims at providing high quality education by inviting top-class lecturers from every field and organically combining theories and practices so that farmers equipped with global perspective and practical knowledge will be developed.

The Bank supports the establishment of AgriFuture Japan and has joined the corporation as a full committee member together with JA Zenchu, JA Zen-Noh, and JA Zenkyoren. The Bank's policy is to offer its full cooperation in the start up and management of Japan Institute of Agricultural Management.

▶ **JA Bank Agri-Support Project**

Summary of Activities	
Development of projects that contribute to promoting agriculture: Providing support for agricultural leaders; offering assistance for activities that contribute to agriculture as well as local communities	
Business Entity	
JA Bank Agri-Eco Support Fund	
Initiatives in Fiscal 2011	
Providing support for agricultural leaders	Interest Subsidy Project: Implemented a maximum 1% interest subsidy scheme for agriculture-related loans provided by JA
	Granted subsidies for 69,000 agricultural loans provided by JA to customers for a total amount of ¥1.21 billion.
	Investment Project: Support via funding of corporations in agricultural and environmental fields
	The Agri-Eco Support Fund invested ¥2 billion in the Agri Eco Fund, which was established to assist corporations actively engaged in promoting agriculture and contributing to the environment and society. Investments have been made in 26 corporations thus far totaling ¥1.122 billion.
	New farmer support project: Support to encourage acceptance of new entrants into the farming sector in order to develop new agricultural leaders
	In order to help train new agricultural leaders of the future, in April 2010, the Bank began subsidizing the expenses of farmers and JA that take on trainees who wish to start a career in agriculture. In fiscal 2011, the Bank accepted 528 applications, with planned funding of around ¥56 million and subsidized total ¥43 million for 453 applications made in fiscal 2010.
Assistance for initiatives that contribute to agriculture and local communities	JA Bank Food & Farming Education Support Project: Financial assistance for JA's food and farming education and creation and donation of textbooks
	Textbook Donation Project: JA Bank created original textbooks for senior elementary school students on the subjects of food and farming, and donated 1.43 million textbooks to 20,000 schools nationwide. A special needs education version was also published in 2012 based on a new universal design approach and the Bank has started giving them out. <hr style="border-top: 1px dashed #E67E22;"/> Educational Activities Aid Project: Financial aid is given for JA's food and farming education-related activities targeted at children. In fiscal 2011, the project accepted 2,250 program plans amounting to ¥678 million. In the second half of fiscal 2010 and first half of fiscal 2011, the program subsidized 2,281 projects for a total of ¥558 million.